

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 IO-14 ISO-00 SP-02 USIA-15 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04
OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01
AGRE-00 IGA-02 FEAE-00 INT-05 /134 W
-----009024 141450Z /40

R 141428Z OCT 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0301
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION GENEVA
AMCONSUL BORDEAUX
AMCONSUL LYON
AMCONSUL NICE
AMCONSUL STRASBOURG

UNCLAS SECTION 01 OF 02 PARIS 30149

USMTN: PARIS PASS OECD

USEEC

PASS TREASURY, FEDERAL RESERVE, COMMERCE, LABOR

E.O. 11652: N/A
TAGS: EALR, EFIN, EGEN, FR
SUBJECT: BARRE REAFFIRMS HIS PROGRAM IN PRESENTING
THE 1978 BUDGET

1. SUMMARY

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PRIME MINISTER BARRE, IN A SPEECH AT THE OCTOBER 12
OPENING SESSION OF THE NATIONAL ASSEMBLY DISCUSSION
OF THE 1978 GOF BUDGET, LEFT NO DOUBT OF HIS
INTENTION NOT TO RELAX THE TAUT REIN THAT HE HAS
HELD ON THE FRENCH ECONOMY FOR THE PAST YEAR. HE
REINFORCED HIS STATEMENTS WITH TIGHTLY DEFINED
TARGETS FOR THE GROWTH OF THE MONEY SUPPLY,

INCREASES IN REVENUE, OIL IMPORTS AND PRICE
RESTRAINTS. END SUMMARY

2. P.M. BARRE MADE NO ATTEMPT TO GLOSS OVER THE
FACT THAT ALTHOUGH SOME PROGRESS HAD BEEN MADE IN
RESTORING HEALTH TO THE ECONOMY, THE BATTLE HAS
YET TO BE WON. "WE ARE BEGINNING TO OBTAIN SOME
ENCOURAGING RESULTS, BUT THESE REMAIN FRAGILE.
INTERNATIONAL PROSPECTS ALONG WITH DOMESTIC
ECONOMIC PROBLEMS OBLIGE US TO RESPECT CERTAIN
DISCIPLINES AND TO PERSEVERE IN THE EFFORT. . .1978
MUST BE BOTH A YEAR OF CONSOLIDATION OF THE
ECONOMIC AND FINANCIAL STABILIZATION AND A
YEAR OF RECOVERY OF OUR ECONOMIC GROWTH."

3. BARRE SPECIFIED THE FOLLOWING ECONOMIC
GOALS FOR 1978:

A) MAXIMUM OF 12 PERCENT GROWTH IN THE MONEY
SUPPLY -- THIS WILL BE SLIGHTLY LOWER THAN THE GROWTH
IN THE NOMINAL GROSS INTERNAL PRODUCT WHICH IS
FORECAST TO BE 12.6 PERCENT.

B) FF 58 BILLION CEILING ON OIL IMPORTS -- THIS
IS AN INCREASE OF FF 3 BILLION OVER THE 1977 CEILING.
HOWEVER, TO THE EXTENT THAT OIL PRICES INCREASE
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AND ECONOMIC ACTIVITY RECOVERS, THIS NEW CEILING
WILL BE MORE RESTRICTIVE. FF ONE BILLION IN NEW
LOANS WILL BE ALLOCATED TO ENERGY AND PRIMARY
MATERIAL-SAVING INVESTMENTS.

C) STRICT MAINTENANCE OF REAL PURCHASING POWER --

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IGA-02 FEAE-00 INT-05 /134 W
-----009063 141432Z /41

R 141428Z OCT 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0302
INFO AMEMBASSY BONN
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USEEC

THE INCREASE IN WAGES WILL BE ADAPTED TO THE
RATE OF INFLATION. ONLY AT THE END OF YEAR WILL
ANY INCREASE IN PURCHASING POWER BE CONSIDERED,
BASED ON ECONOMIC RESULTS. HOWEVER, THIS WILL
APPLY ONLY TO EMPLOYEES RECEIVING LESS THAN
FF 18,000 PER MONTH. FOR THOSE RECEIVING BETWEEN
FF 18,000-30,000, THERE WILL BE A STRICT
MAINTENANCE OF REAL PURCHASING POWER WHILE THOSE
SALARIES ABOVE FF 30,000 WILL BE STABILIZED IN
NOMINAL TERMS. THE LOWEST WAGES WILL RECEIVE A
SLIGHTLY LARGER INCREASE IN REAL PURCHASING
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POWER. THE NORM OF REFERENCE FOR THE INCREASE
IN PRICES WILL BE 6.0 PERCENT (6.5 PERCENT THIS
YEAR).

D) CONTINUATION OF THE AGREEMENTS TO MODERATE
PRICES AND MAINTENANCE OF COMMERCIAL PROFIT
MARGINS -- THESE RESTRICTIONS ON PRICES WILL
CONTINUE IN THE SAME VEIN AS THIS YEAR, BUT
THE GOF WILL BEGIN TO EXAMINE IN MID-YEAR THE
CONDITIONS FOR AN EVENTUAL RETURN TO FULL PRICE
FREEDOM. BARRE ALSO ANNOUNCED THAT FF 3 BILLION IN
SUBSIDIZED LOANS WOULD BE GRANTED TO EXPORT FIRMS
STARTING ON JANUARY 1.

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 14-Oct-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Executive Order: N/A
Errors: N/A
Expiration:
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ISecure: 1
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Litigation Codes:
Litigation History:
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Review Exemptions: n/a
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Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: EALR, EFIN, EGEN, FR, (BARRE, RAYMOND)
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